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Matthew Taylor
Chief Executive
RSA

by email

Dear Matthew,

I know that you are leading the Review of Modern Employment, and I hope you don't mind if I write to you directly in order to raise some issues which I think are important.

There seem to be aspects of the 'gig' economy which are both interesting and troubling. It seems a bit like a souped-up variant of casual work for the 21st century; but in looking at new types of employment, it is crucial that we should not forget the old types of unemployment.

I worry that we are seeing a growing schism in this country between mainly young, energetic and versatile workers, and a neglected older group which has been left on the scrapheap. This should not be an acceptable option.

For over 30 years I worked for , the homelessness charity, 20 of them as CEO. If I may, I would like to explain what I think changed over that time; what the consequences of those changes were; and why it is so important that we should not just give up on tackling these issues.

When I started in 1980, single homelessness was viewed as pretty intractable. The decision to abolish the huge dormitory-style hostels and replace them with small housing projects which focused on social care need (such as mental health, old age or simply generic homelessness) was itself predicated on a conviction that people's lives could change for the better, especially in terms of much better quality housing, targeted and specialist support, and the intersection between the two. "Resettlement" became the vogue

word, and the very 'raison d'être' of not just the DHSS Reception Centres, but also much of the homelessness voluntary sector.

We at nevertheless had a burgeoning doubt about how effective housing resettlement could be if employment were not simultaneously taken into account.

Our largest hostel was in Covent Garden, and had 650 beds. At that time there was still a lot of casual work available in central London (e.g. Fleet Street), and so a centrally-located hostel was attractive to unskilled workers. Of course the casual work labour market had its own problems - considerable ones - but there was at least cash-in-hand work to mitigate the quasi-destitution of living in a twilight world of easy-come, easy-go jobs and dormitory hostels.

The resettlement which was on offer to our residents was mainly into poor-standard public housing - what the GLC euphemistically called "low demand" or, even more brutally, "hard-to-let" flats. Apart from the fact that the housing was grotty, the real problem was that a major reason for this housing being available at all was that it was located in what were unemployment blackspots with very poor public transport (Hackney; the Isle of Dogs; and so on). We suspected that this kind of resettlement would mean our residents being transformed from low-paid licensees into unemployed tenants. Not perhaps such a great deal.

To check our belief that work mattered to single homeless men, we conducted a more objective survey: this revealed that, in 1983, 86% of residents were in some form of paid employment. This was an unexpectedly high figure, but it underscored something which we only came to properly understand later, namely that single homelessness was historically a phenomenon associated with low-paid migrant labour, and was not predominantly a housing issue.

By 1997, this rate of 86% had declined to 33%; by 2007 it had fallen to 10%; by the time I left in 2014, it hovered around 4%.

This is a staggering decline, especially when one recalls that for at least some of this time, the UK economy was booming.

We identified 4 main reasons for this cataclysmic collapse:

1. casual work dried up in central London. Nowadays even entry-level jobs require people to have "soft skills" and to be self-starting and motivated team players - hardly the characteristics nurtured by a bout of rough-sleeping.

2. widespread drug availability. In the 1970s and 1980s, we were accommodating people with personal histories - they had (mostly) had jobs / flats / relationships; something had gone wrong; and they had ended up, if not on the streets, then in the common lodging houses, which was the next worst thing. By the mid-1990s we were seeing increasing numbers of people with volatile behaviours, few if any vocational skills, and an eroded desire to belong socially. "Rehabilitation" thus meant creating a new starting point, rather than helping people return to a prior state with which they were familiar. This is work which is incredibly difficult for fully-qualified health and social care professionals, let alone for the semi-professional voluntary sector.

3. very poor back-to-work statutory employment programmes. In many cases, the voluntary sector's strength was the quality of personal relationship which its staff could establish with clients. This fostered a person-centred approach which was at odds with the programmatic requirements of mainstream schemes, where the over-riding concern was hard outcomes, i.e. getting a permanent job. Because the disadvantage of the homeless people we worked with was so multiple and over-lapping, this "hard outcome" approach actively excluded them from receiving any assistance from mainstream programmes. Individual voluntary agencies did achieve impressive results, but this was always small-scale, and usually reliant on charitable funding.

4. the deliberate exclusion of those who were not an easy win. The most reliable proxy for determining employability is the length of unemployment; I remember in the 1980s when "long-term unemployment" was defined as being 2 years +. By some sleight of hand it was then re-classified to 6 months, which meant that providers could claim to be tackling it by helping people who had been out of work for, say, 7 months - but this was very misleading, since they were doing absolutely nothing for the really long-term unemployed.

Roughly two in ten of clients had never worked, whilst about five in ten had not worked for more than 5 years. This of course meant that programmes focusing on the relatively recently unemployed would pass them by altogether. This is the consequence of focusing on "hard outcomes" - it may sound like hard-headed business sense, but when one unpicks it, it amounts to not much more than (to mix metaphors) cherry-picking and going after the low-hanging fruit. Payment by Results incentivises playing it safe.

In 2013 (if my memory serves) our annual Needs Survey revealed that 40% of our clients could not read a form. It very much looked as if their "life chances" were scuppered at school.

I imagine that an area which you may be examining is that of fluctuating employment, which can give rise to a fluctuating claim on the benefits system. We found that in practice any change in circumstances triggered a re-assessment, which itself suspended passported benefits, such as Housing Benefit. People would therefore not take on short-term work with fluctuating hours because they knew there was a good chance that their HB would be stopped, their arrears would build up, and before the back-claim could be sorted out, they would face eviction. This is not a new problem: back in the mid-1980s I resettled a man who was a part-time chess tutor at ILEA, working either 2 or 4 hours a week, but only in term time. He had to give up the job, which he loved, because of having his claim consistently messed up by the DHSS. It is pathetic that the state cannot provide the service which its citizens need in a changing economic world.

When Boris Johnson was Mayor, he had a limited view (in my opinion) of London's economy as revolving around hi-tech, international, fast-moving, financial services - but London is a grown-up city, with lots of economies, and the ones at the top need the others to function if they are to perform well themselves.

There is an obvious moral justification in not overlooking those at the bottom of the employment pyramid, but there are other reasons too. Socially it is surely better to have as many people as possible engaged in occupation of whatever kind, rather then rotting on inactivity benefits. We once used an occupational psychologist at St Mungo's who challenged us not to see progressions in terms of provision - meaningful activity > training > employment - but instead in terms of psychological progression from a stage of "being" (and we had lots of people at who just "were") through "doing" something and then into "working". Finally, financially it makes more sense, as keeping people unemployed is actually very expensive.

One of the biggest frustrations was dealing with the DHSS / DWP. Here was a department established after the 1948 National Assistance Act with a main focus on tackling unemployment. More than 60 years later, it was quite clear that it did not understand youth unemployment; it did not understand women's unemployment; and it did not understand unemployment amongst disadvantaged groups. It was actually very hard to discern anything which it did understand. Remember the Social Justice White Paper?

Where one has inertia and incompetence in equal measure, one has the perfect seed-bed for turf wars, which is indeed what seemed to characterise it as far as I understood. The DWP Select Committee's report into the Work Programme concluded that it assisted fewer people into work than would have obtained it had the programme not existed!

There are 5 things which could have a benevolent impact on the employability of homeless people - and I am convinced that success here would have clear transferability to other disadvantaged groups:

1. Whatever the rhetoric, public services veer ineluctably towards the "one-size-fits-all" approach. They are poor not only at delivering bespoke services, they are poor at conceptualising them. Perhaps this is because there are not many political brownie points to be gained by championing these groups, but - if public services are genuinely intended to have universal reach, rather then that simply being an empty slogan - one has to segment the population according to their defining characteristics. Segmented groups need bespoke solutions.

2. Too many adults who suffer disadvantage do so because they lack basic skills. There should be a renewed focus on this neglected area of Adult Education; and, as government acknowledged but failed to deliver on, public expenditure on training and skills should prioritise labour market inclusion ahead of workforce development.

3. People do tend not to fit into the neat administrative categories created for them. People who, say, have been unemployed for ten years and have additional difficulties are very likely to suffer some reverses: their progress may well entail derailments and dead-ends. Artificial deadlines should be rejected. This has two consequences: firstly, it means that on the individual level we should be assessing progress towards employment incrementally, by the attainment of milestones, rather than using a simplistic black or white measure of whether that person has obtained full-time employment; and secondly, on the structural level, programmes should outlast the electoral cycle.

4. The closest government has come to achieving success with this population was with the Rough Sleepers' Unit. Critically, it was semi-detached from departments, and reported directly to the Prime Minister. Squabbles within and between departments were thus not terminal. This model exactly encapsulates the kind of bespoke service which works best. The worst thing would be to

give a leading role to local government, which generally views communities exclusively as opposed to inclusively, and (with some, but only a few, notable exceptions) has a poor record in working with and for excluded groups.

5. Finally, the voluntary sector must be more strategically empowered to deliver the necessary services. That means it must be funded directly by central government: channelling funds via others, including local government, dilutes the energy and emasculates the impact. The client group in question has, after all, been failed by both public services and the free market, so neither should have a controlling role in tackling the problem. This is not to say that they do not have things to offer, but planning and delivery should rest with the voluntary sector. There are numerous examples to show that when resources are channelled directly to the voluntary sector, one gets less seepage and less diversion.

I hope you don't mind my writing to you at such length. Work is such an important part of people's identity, and having an income is such a powerful way of ensuring choice, that I have a bit of a bee in my bonnet about why others do not see it as being as self-evident as I do. Most critically, we need to find effective ways of helping the long-term unemployed towards the labour market and, hopefully, into work so that we know what to do should today's 'gig' economy turn out to be incubating tomorrow's long-term unemployment.

You may feel that this is all perfect fodder for your shredder, and that's fine; but I would be happy to talk further if you would like to.

Yours sincerely,